

Review Article

Effect of Corruption on Economic Development in Nigeria

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E-mail: abamaranc@yahoo.com**Abstract**

Corruption, the evil of our time in Nigeria has increased in both quality and intensity with its devastating effects on human development. The endemic nature of corruption in Nigerian society constitutes one of the greatest threats in the living standards of citizenry. Thousands and millions of Nigerians are uneducated, unemployed and living in abject poverty due to the mismanagement of the national wealth and embezzlement of public funds. It is within this trend that this paper will examine the causes, effects and explores strategic measures in the management of this social problem in Nigeria. This paper recommends that the menace of corruption can be tackled in Nigeria through adoption and implementation of more stringent measures.

Keywords:Management innovation;
Market learning;
Emerging countries**1. Introduction**

Corruption has bedeviled Nigeria's political scene encompassing abuses by government officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling and fraud. Corruption in Nigeria is both systemic and endemic as the abundance of national resources in the country has little or no impact on the living standard of the citizenry. Despite its abundant resources, Nigeria ranks among the twenty poorest nations in the world [1]. Corruption is a threat to democratic governance, political stability and sustainable human development.

Corruption is the antithesis of progress and development as it creates political instability, social unrest and crime infested environment, it breeds inefficiency, incompetence, mediocrity, unethical values and other base instincts in man such as greed, avarice and rapacity.

Corruption is very prominent in Nigeria and hence the study of corruption as a social phenomenon is imperative because it is the central problem of human society. Corruption becomes an even more important area of study and crucial role it plays in the developmental process of hindering growth in the Nigerian society as a whole. Corruption can impede the economic development of any nation. Corruption is gratifying yet it can hurt; corruption is attractive yet very opprobrious. Corruption is a crime; it is a vice, not a virtue. Corruption is said to have taken place when the participants follows what would be termed unacceptable ways. At this point, the important question is: what is corruption? Akanbi (2004)[2] defined corruption as the abuse of public power or trusts for personal gain or for the benefits of a group to which one owes allegiance. Corruption could also be termed as efforts to secure wealth or power through illegal means of private gain at public expense; or a misuse of public power for private benefit [3].

Corruption is a behaviour which deviates from the formal duties of a public role, because of private (gains)-regarding (personal, close family, private clique, pecuniary or status gains). It is a behaviour which violates rules against the exercise of certain types of (duties) for private (gains) - regarding influence [4]. This definition includes such behaviour as bribery (use of a reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of inscriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private use).

Corruption is probably the main means to accumulate quick wealth in Nigeria. Corruption occurs in many forms and it has contributed immensely to the poverty and miseries of a large segment of the Nigerian population. The causes of corruption are myriad; and they

have political and cultural variables. Some evidences point to a link between corruption and social diversity, ethno-linguistic fractionalization and the proportions of country's' population adhering to different religious traditions [3]. Thus, the political system and the culture of a society could make the citizens more prone to corrupt activities.

However, there are fundamental factors that engender corrupt practices in less developed nations, including Nigeria. Some of the factors include:

1. The weakness of social and governmental enforcement mechanisms;
2. Political office as the primary means of gaining access to wealth;
3. Great inequality in distribution of wealth;
4. Conflict between changing moral codes; and
5. The absence of a strong sense of national community.

Other factors that can lead to corrupt activities include:

1. Lack of ethical standards throughout the agencies of government and business organizations in Nigeria;
2. Poor pay incentives and poor reward system. Nigeria is a society where national priorities are turned upside down; hard work is not rewarded, but rogues are often glorified.
3. Greed: one of the major causes of corruption in Nigeria is greed. It is because of greed that makes the political leaders to be embezzling the fund meant for the national development for their own selfish needs.
4. Poor youth empowerment: poor moral youth empowerment which is among the types of youth empowerment is a contributor of corruption in the country. The internet fraudulent activities by Nigerian youths, sexual harassment by male CEOs of some companies and other negative vices in the country are basically because the Nigerians lack understanding on the importance of youth empowerment. When parents and governments empower the youths both financially and morally, the level of corruption among Nigerian youths will reduce.
5. Poverty: A person can take bribe to commit crime because he or she is poor. It is one of the reasons why the poor youths in the country collect bribe to work as thugs for Nigerian politicians.
6. Unemployment: Unemployment in Nigeria does not need lip service because it has broken the hearts of many citizens of the country. Many people have pushed into corrupt practices because of high unemployment rate in the country.
7. Low morale and cultural ethics: The moral standard in the country is falling. As Nigeria moves from the 'primitive' to 'modern' economy, the incidence of corruption rises. The earlier generations of Nigerians believed that 'honesty is the best policy' and children

were brought up to protect the name, honour, image and integrity of their families. As years passed by, and value judgment changed, honesty and integrity were relegated to the background.

8. Determination to beat red Tapes: The administrative bottle necks or protocols are considered as being long and cumbersome, while people are determined to achieve their goals without having to go through the due processes, which are considered too long and time wasting.
9. Existence of Mafia: Corruption thrives when the deal can be kept secret. However, if there is at least an institution that can effectively expose illegal secret deals then corrupt practices become difficult.
10. Power of Expectation: Expectation, whether adaptively or rationally formed has impact on people's thought, perception and behaviour. In a corrupt society, the public expects everybody to be corrupt, while in an honest society an expectation of honest dealings are rampant. Hence, a good behaviour in a corrupt society is seen as arbitrary and vice versa.

The causes of corruption in Nigeria cannot deviate significantly, if at all, from the above factors. However, obsession with materialism, compulsion for a shortcut to affluence, glorification and approbation (of ill-gotten wealth) by the general public, are among the reasons for the persistence of corruption in Nigeria [5]. It has been noted that one of the popular, but unfortunate indices of good life in Nigeria, is *flamboyant affluence* and *conspicuous consumption*. These have lead people to get into dubious activities, including 'committing ritual murder for money-making.

2. Consequences of Corruption in Nigeria

2.1 Corruption and political participation

Political campaigns nowadays require enormous amounts of funds and therefore the political gladiators use every means at their disposal to loot government treasure in order to get elected into political positions.

2.2 Corruption and Social Equity

Corruption leads to inequitable distribution of social services. It involves exclusion of honest members of the society who are not willing or able to pay bribes from the provisions of public goods. This has a long-term effect on social interaction and economic efficiency. Corruption is associated with slow economic growth, reduced investment, feeble property and contract rights, limits social interaction and the rule of law and poor economic competitiveness, deep ethnic division and conflicts [6]; low popular participation in politics (political apathy); weak protection of civil liberties, and low educational attainment [7].

2.3 Corruption and Poverty Incidence:

Those who pay and receive bribes usually misappropriate a nation's wealth leaving little for its poorest citizens and thereby worsening the incidence of poverty especially where corruption is systematic.

Other effects of corruption on a nation's socio-political and economic development are myriad. Corruption wastes skills as precious time is often wasted to set up unending committees to fight corruption and to monitor public projects. It also leads to unavailability of aid to vulnerable and poor nations. Some foreign donors do not give aid to corrupt nations. For instance, the International Monetary Fund (IMF) has withdrawn development support from some nations that are notoriously corrupt. The World Bank has introduced tougher anti-corruption standards into its lending policies to corrupt countries. Similarly, other organizations such as the Council of Europe and the Organization of American States are taking tough measures against international corruption [8].

Corruption discourages honest effort and valuable economic activities; and it breeds inefficiency and nepotism. Corruption leads to possible information distortion as it cooks the books; and a high level of corruption can make public policies ineffective [9][10]. Above all, corruption can tarnish the image of a country. Nigeria suffers more than most nations from an appalling international image by its inability to deal with corruption and bribery.

Corruption upsets ethnic balance and exacerbates problems of national integration in developing countries. For instance, if a corrupt but popular ethnic leader is replaced in his or her position, it may upset ethnic arithmetic and the cohorts may revolt. The social brawl that followed the Moshood Abiola's election rebuff is one of the many cases dotting Nigeria's political landscape. Southerners (mainly Yorubas from his ethnic southwest) rioted, as they felt they were mistreated by the northern oligarchy.

Corruption is one of the reasons for the 'brain drain' phenomenon in Nigeria (talented professionals leaving the country in search of employment somewhere else). In Nigeria, you can hardly enter an office and get your 'file signed except you drop' some money. Even the security personnel at the door of every office will ask for (bribe) tips? In other words, corruption leads to slow moving of files that get through the desk of officers once the interested parties have compromised themselves. It also leads to missing files that (would) resurfaced immediately the desk officer is settled, unnecessary bureaucracy and delays until fees are paid [11].

Finally, corruption diverts scarce public resources into private pockets, literally undermines effective governance, endangers democracy and erodes the social and moral fabric of nations. Corruption is a global phenomenon and manifests in both *Petty* and *Grand* forms. Will it be possible for Nigeria to effectively tame the scourge of corruption in the society?

3. Solutions/ Eradication of corruption in Nigeria

The menace of corruption, which has eaten deep into the fabric of Nigeria, would require all the necessary attention to effectively control it. No single and simple remedies will do it and the problem cannot be solved overnight. Corruption has been ingrained into the fabric of the society. Nigeria has, in theory, the solutions in the book to tackle corruption but like other issues (poverty) etc. bedeviling the nation, implementations of the laws are the Achilles heel (a vulnerable point) of the society.

Corruption has defied all measures adopted to combat it in Nigeria, apparently, because those wagging the war against corruption are themselves corrupt. In the name of turning Nigeria into a corruption-free society, many policies have been experimented by the Nation. It has tried the judicial commissions of enquiry, the Code of Conduct Bureau. It had wrestled with the Public Complaint Commission to no avail. It fiddled with the Mass Mobilization for Social Justice and Economic Recovery (MAMSER) and the National Open Apprenticeship (NOA), corruption instead blossomed. General Mohammed Buhari clobbered Nigerians with his horsewhip branded the War against Indiscipline Council (WAIC) without success. President Olusegun Obasanjo instituted an Independent Corrupt Practices Commission (ICPC), which seems to have power only over the corrupt poor people.

The surge of corruption would be tamed in Nigeria through re-orientation of better value system by the general population. This is because Nigerians have for long been living on the survival of the fittest and grab-whatever-comes -your -way mentality [12]. The re-orientation of the youth in Nigeria to a good value system could help in the war against corruption. While the Justice Oputa Panel and the Justice Akambi Commission were cruising the cities interrogating the poor corrupt individuals involved in petty thefts, the politicians have been busy politicking around the nation with money stuffed in their various (bag) unperturbed [13]. But to win the apparent war on corruption in Nigeria, the Obasanjo's Slogan of there must be no sacred cows, should not be a mere political rhetoric. It should be put into practice by prosecuting all the known corrupt political heavy weights in the society, as they contribute in making the nations inchoate laws inoperable. If our leaders go after the poor criminals and bring them to book, the rate of crime may not reduce. But, if three or four of these big weights are brought to book, the rate of criminal activities would reduce.

To win the war on corruption, adherence to ethical standards in decision-making must be the foundation of the nation's policies. Without ethics, any money budgeted toward fighting corruption in

Nigeria will be a thing cast to the wild wind. Nigeria has to make sure that those entrusted to execute the war on corruption are men and women of unquestionable character -those who recognize and always do what is right. Virtuous leaders (in government and business) are persons of honesty, integrity and trust [12][14].

The mass media has a crucial role to play in the campaign to educate the people of their rights as citizens and in exposing the rogues. The nation should erect permanent structures in the society to constantly tackle corruption, instead of setting up ad-hoc corruption-panels here and there. The citizens should always try to resist the temptation to offer bribers to corrupt government officials, as it takes two to tango. It is appropriate to emphasize the importance of good and enforceable policies towards controlling corrupt behaviour. The policies should be reviewed periodically to close any loophole and to catch-up with events in the society. The Former President of the World Bank and Ford Motor Corporation, Robert. S. McNamara, argued that for any campaign against corruption to be successful in Sub-Saharan Africa, certain characteristics should be common in the plans against corruption. His suggestions on how to control corruption in the region include:

1. Introducing transparency and accountability in government functions, particularly in all financial transaction;
2. Encourage a free press and electronic media to forcefully report to the public on corrupt practices in the society.
3. Introduce into government watch-dog agencies-anti-corruption bureaus; inspectors general; auditors general and ombudsmen (government official appointed to receive and investigate complaints made by individuals against abuses or capricious acts of public officials etc.) which will identify corrupt practices and bring them to public attention;
4. Insert anti-bribery clauses into all major procurement contracts and with the assistance of both international financial institutions and bilateral aid agencies bidding on African procurement contracts, accept such clauses and the penalties associated with their violation.
5. To criminalize the acts of bribery; prohibit the deduction of bribes for tax purposes; and erect barriers to transfer to western financial institutions of financial gains derived from corrupt practices [15].

Other steps authorities could take to control corruption include:

6. Declaration of Assets: The state should require that all the high-level Nigerian officials (Presidents, Ministers, Legislative Officers, Central bank governors, Police Custom Chiefs, Military Generals), sign a statement granting permission to banks (both local and foreign), real estate or investment house to disclose any personal assets they may hold.
7. Scrutiny for sources of Income: Scrutinizing individual depositors of huge sum of money, by financial institution for sources would go a long way to curbing looting of national treasury of civil and public servants.
8. Unemployment Generation: Government and capable hands should endeavor to generate more jobs for the citizens to get employed and paid in return. A busy mind may find it difficult to indulge in corruption because he or she is paid adequately.
9. Proper Government funding of school in Nigeria: understanding the importance of skill acquisition by the government will go a long way to propel them to develop all the schools in Nigeria. Installation of the necessary machines needed in the Universities in the country will help the Nigerian graduates to acquire skills and use the skills to generate income even when no company employs them after their graduations. Self-employment will make the graduates to be determined on the work they do and will prevent them from corruption such as internet scam, kidnapping etc.

Corruption is a collective disgrace that must be fought collectively. To tame corruption, Nigeria has to use words as well as actions, a multifaceted approach. Finally, good governance, transparency, accountability and the rule of law are the keys to tackling corruption in the society, as corrupt leaders cannot wage an effective

war against corruption. Nigerian as a nation should fight corruption headlong like some Asian countries. Any corrupt political office holders should be arrested and tried, if he or she is found guilty as charged, they the supreme of human execution. When corrupt political office holders are killed in the face of the law it will go a long way in forming a deterrent in the minds of intending political office holders.

4. Recommendations

The following recommendations are made to stem the tide of corruption in Nigeria.

- Cogent efforts should be made towards eliminating or reducing the rigidity of red-tapism in Nigerian public service.
- Government should endeavor to improve the income and welfare of political, public and judicial officers.
- Heavy penalties must be meted to perpetrators of corruption and there should not be sacred cows.
- Religious organizations, non- governmental organizations and entire citizenry must complement government efforts in anti-corruption crusade.
- The Independent Corrupt Practices Commission should be maintained and adequately funded to function more effectively.
- Societal reform and incentives that nurture anti-corruption culture such as rewarding and celebration of honesty, transparency and accountability should be encouraged.
- A constant publication of name and offences committed by corrupt officers using print and electronic media because the negative publicity serves not only as a deterrent, but also destroys the corrupt officers' social image.
- Establishment of anti-corruption values such as high morality, ethics and right sense of value at the schools, family levels and public offices, will go a long way to reducing the incidence of corruption.

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